

The Bank of the Lao PDR

No.: 529/BOL  
Vientiane Capital, dated: 1 July 2016

## **DECISION**

*on*

### **Money Exchange Business Operations**

- Pursuant to the Law on Foreign Currency Management No.: 55/NA, dated 22 December 2014.

**The Governor of the Bank of the Lao PDR hereby issues this Decision:**

## **CHAPTER 1**

### **General Provisions**

#### **Article 1. Objectives**

This Decision defines conditions for the incorporation and scope of operation of money exchange businesses in order to extend the contents of the Law on Foreign Currency Management, to focus on causing the operation of money exchange businesses to be effective and consistent with applicable laws and regulations, and to contribute to the foreign currency management and effective promotion of the use of Lao Kip in the Lao PDR.

#### **Article 2. Money Exchange Business**

‘Money exchange business’ refers to the operation of a business relating to cross-currency transactions by money exchange shops duly licensed by the Bank of the Lao PDR (“**BOL**”).

#### **Article 3. Definitions**

Terms used in this Decision shall have the following meanings:

- **Currency** refers to Lao Kip and foreign currencies;
- **Cash** refers to bank notes, coins, and travelers’ checks;
- **Operation of currency buying business** refers to a money exchange shop that only purchases foreign currencies from the public but does not supply them to the public;
- **Operation of currency selling business** refers to a money exchange shop that only sells foreign currencies to the public but does not purchase them from the public;
- **Legal entity operating relevant business** refers to a foreign legal entity licensed to duly operate a business, such as a hotel or other businesses, in accordance with the laws of the Lao PDR.

#### **Article 4. Scope of Applicability**

This Decision applies to operators of money exchange businesses in the Lao PDR.

### **CHAPTER 2**

#### **Application for Money Exchange Business License**

#### **Article 5. Conditions for Money Exchange Business Licenses**

An applicant for a money exchange business operation shall meet the following conditions:

1. Being a Lao citizen (23 years of age or over) or a legal entity operating a relevant business in the Lao PDR;
2. Having financial or business knowledge or experience;
3. Having registered capital in accordance with the law and Article 11 of this Decision;
4. Having a suitable location to provide a money exchange service;
5. Having a procurement plan for equipment to facilitate the money exchange service such as: a computer and internet access, a currency transaction reporting system, a credit card reader, surveillance cameras which integrate with the currency monitoring network of the BOL, a fax machine, a photocopier, a currency validator, a currency-counting machine, a calculator, a board showing exchange rates, and other equipment;
6. Never been sanctioned or pending prosecution for any offense;
7. Never had a money exchange business license withdrawn.

#### **Article 6. Submission of Application**

Lao citizens, legal entities, or a legal entity operating a relevant business wishing to operate a money exchange business shall submit the following required documents to the single window for investment in general business at the industry and commerce authority and request a money exchange business license from the BOL:

1. An application, on the BOL's printed form, for a license to incorporate a money exchange shop;
2. A curriculum vitae;
3. A residence certificate;
4. A criminal record certification (issued within the previous 90 days);
5. A copy of an identity card;
6. A copy of a family book;
7. Statement of financial position and bank statements for the last 90 days or more of transactions;
8. A copy of an enterprise registration certificate (for a legal entity);
9. A copy of a tax registration certificate (for a legal entity);
10. A staff recruitment plan;
11. An equipment use plan;
12. A location certificate and a map of the money exchange shop certified by a village chief;

13. A power of attorney for a representative to liaise with the BOL on the applicant's behalf (if the applicant is unable to do it by himself/herself);
14. Three 3 x 4 cm-sized photos of the applicant (taken within the previous 90 days).

#### **Article 7. Consideration of Application for Money Exchange Business License**

The BOL will consider applications for a money exchange business license and notify the result within 15 working days of the date of receiving all proper required documents.

The BOL shall not issue a license for an applicant who is unable to comply with the conditions and/or provide proper and full documents as stipulated in Articles 5 and 6 of this Decision, and shall issue a written notice of rejection indicating reasons and return all documents to the applicant.

After receiving a money exchange business license, the applicant shall apply for enterprise registration with the industry and commerce authority, and start operating the business within 90 days of the date of receiving an enterprise registration certificate.

An applicant for a money exchange business license who is rejected may re-submit an application and required documents and indicate reasons to the BOL to reconsider them based upon the conditions and required documents as stipulated in Articles 5 and 6 of this Decision.

#### **Article 8. Renewal of a Money Exchange Business License**

A money exchange business license is valid for one year from January to December of each year.

A money exchange business operator who wishes to continue conducting the business shall apply for renewal of the money exchange business license with the BOL by submitting the following documents:

1. An application for renewal of a money exchange business license;
2. A copy of an annual money exchange business license;
3. A copy of an enterprise registration certificate;
4. A copy of an annual tax payment certificate;
5. An annual financial statement or an annual accounting summary;
6. A bank statement of the transactions of the last year;
7. A power of attorney for a representative to liaise with the BOL on the applicant's behalf (if the applicant is unable to do it by himself/herself);
8. Two 3 x 4 cm-sized photos of the applicant (taken within the previous 90 days).

The BOL shall consider the renewal of a money exchange business license for operators that comply with applicable laws and regulations and suffer annual business losses not over 10% (ten percent) of the registered capital, and shall notify the result of such consideration in writing within 5 working days from the date of fully and properly receiving the above documents.

## **Article 9. Official Fee**

An applicant for a money exchange business license or an operator of a money exchange business shall pay an official fee for issuance of the money exchange business license as follows:

1. For an application for a money exchange business license, 100,000 Kip per set;
2. For the issuance of a new money exchange business license, 0.05% (zero point zero five percent) of the registered capital, but not exceeding 1,500,000 Kip (one million five hundred thousand Kip) maximum;
3. For the renewal of a money exchange business license, 500,000 Kip.

## **Article 10. Suspension and Withdrawal of Money Exchange Business License**

The operator of a money exchange business may request suspension of the business for 90 days provided that reasonable grounds shall be given for such suspension. If this period is exceeded and the operator does not re-open his/her business, the money exchange business license shall be withdrawn.

The BOL shall withdraw a money exchange business license in the following cases:

1. The operator does not register a business and/or a tax registration certificate within 90 days from the date of receiving the money exchange business license;
2. The operator does not operate the business for 90 consecutive days without reason;
3. The money exchange business license has expired for more than 90 days;
4. The operator does not comply with conditions for renewal of the money exchange business license;
5. The operator is fined but continues violating this Decision, applicable laws, and regulations;
6. The operator voluntarily requests dissolution.

## **CHAPTER 3**

### **Registered Capital**

#### **Article 11. Registered Capital**

A money exchange business requires registered capital of 1,000,000,000 Kip (one billion Kip). Funds contributed as registered capital shall only be working capital and deposited with a commercial bank in the Lao PDR.

#### **Article 12. The Use of Registered Capital**

The registered capital can be withdrawn and used to operate the money exchange business from the date that the BOL issues a money exchange business license provided that such registered capital shall only be used in cross-currency transactions.

### **Article 13. Increase of Registered Capital**

An operator of a money exchange business may increase the registered capital with the approval of the BOL by submitting the following documents for an increase of registered capital:

1. An application for increase of registered capital;
2. A copy of an annual money exchange business license;
3. A copy of an enterprise registration certificate;
4. A copy of an annual tax payment certificate;
5. An annual financial statement or an annual accounting summary;
6. A bank statement of the previous twelve months' transactions;
7. A power of attorney for a representative to liaise with the BOL on the applicant's behalf (if the applicant is unable to do so by himself/herself);
8. Two 3 x 4 cm-sized photos of the applicant (taken during the previous 90 days).

## **CHAPTER 4**

### **Money Exchange Business Operation**

#### **Article 14. Foreign Currency Transactions**

A money exchange shop may conduct foreign currency transactions with public or commercial banks or the BOL in accordance with laws and regulations periodically issued by the BOL.

Each transaction shall be conducted through a cross-Lao Kip transaction and shall have one exchange slip for the customer and one slip kept by the shop.

A currency exchange slip shall include the name, address, and contact number of the money exchange shop. Each transaction with a customer shall include the date; name, surname, and address of customer; amount, currency, and type of bank note; exchange rate, and amount after exchange. If a customer purchases travelers' checks, the checks and customer's passport or border pass with customer's photo shall be copied and kept by the shop.

An operator of a money exchange business may design and customize its currency exchange slip provided it is approved by the Monetary Policy Department of the BOL and the Tax Department, Ministry of Finance.

#### **Article 15. Rights of Operator of Money Exchange Business**

An operator of a money exchange business shall have the following rights:

1. To stipulate the exchange rate of each currency in accordance with regulations periodically issued by the BOL;
2. To conduct a cross-currency transaction in cash or transfer with the public in accordance with regulations periodically issued by the BOL;

3. To conduct a cross-currency transaction in cash or transfer with commercial banks in the Lao PDR;
4. To conduct a cross-currency transaction in cash and transfer with the BOL if the shop provides a report regarding cross-currency transactions with customers on a daily basis to the BOL and complies with regulations periodically issued by the BOL;
5. To request relevant authorities in writing for a change of the shop location;
6. To perform other rights as stipulated in applicable laws and regulations.

#### **Article 16. Duties of Operator of Money Exchange Business**

An operator of a money exchange business shall have the following duties:

1. To install a name sign for the shop in accordance with regulations stipulated by relevant authorities;
2. To post a money exchange business license at an open place where it can be easily seen;
3. To stipulate exchange rates and conduct cross-currency transactions in accordance with regulations periodically issued by the BOL;
4. To post an exchange rate for each currency at an open place where it can be easily seen;
5. To record daily cross-currency transactions by detailing information in accordance with each currency exchange slip;
6. To open bank accounts in Lao Kip and foreign currencies under the name of the money exchange shop with any commercial bank specifically for the money exchange business;
7. To create a specific accounting system to serve the money exchange business;
8. To pay taxes in accordance with regulations of relevant authorities;
9. To bear the installation cost of full-set cross-currency transaction reporting systems in accordance with applicable regulations;
10. To report to relevant authorities if counterfeit or suspect money is found, and keep the counterfeit or suspect money as evidence for the prosecution of violators;
11. To report its business operations to the BOL on a regular basis;
12. To report regarding cross-currency transactions with customers to the BOL on a regular basis;
13. To perform other duties as stipulated in applicable laws and regulations.

#### **Article 17. Bookkeeping**

A money exchange shop shall keep books on its business and an income-expense account in accordance with accounting principles as stipulated in the Law on Accounting.

#### **Article 18. Reporting**

An operator of a money exchange business in Vientiane Capital shall report to the Monetary Policy Department and an operator of a money exchange business in other provinces shall report to the relevant branch of the BOL as follows:

1. An exchange rate report for each currency by 10:00 of each day;
2. A daily cross-currency transaction on the BOL printed form by 16:00 of each day;

3. A report on high-value cross-currency transactions or transactions suspected to be involved with money laundering or the financing of terrorism to the Anti-Money Laundering Intelligence Office of the BOL.

## **CHAPTER 5**

### **Prohibitions and Measures against Violators**

#### **Article 19. Prohibitions**

An operator of a money exchange business shall be prohibited from:

1. Providing cross-currency transaction services outside the stipulated place or providing services other than those stipulated in Article 15 of this Decision;
2. Providing cross-currency transaction services which do not comply with regulations issued by the BOL;
3. Opening a bank account in a foreign country;
4. Operating a money exchange business with a license that has expired for more than 30 days;
5. Providing only currency buying or selling transactions;
6. Stipulating, posting, and using exchange rates that are not in compliance with regulations issued by the BOL;
7. Failing to provide a cross-currency transaction report for more than one working day;
8. Moving the money exchange shop without permission;
9. Granting a money exchange business license to others for any purpose whatsoever;
10. Carrying out any other acts which violate this Decision, applicable laws, and regulations;

#### **Article 20. Reprimands**

A licensed operator of a money exchange business who violates Article 19 of this Decision shall on the first occasion shall be subject to a reprimand as a warning from the relevant authorities, and this shall be recorded in writing;

#### **Article 21. Fines**

An operator of a money exchange business who was subject to reprimand and continues violating this Decision shall be fined as follows:

1. Providing cross-currency transaction services outside the stipulated place or providing services other than those stipulated in Article 15 of this Decision, a fine of LAK 10,000,000 (ten million Kip) per time;
2. Providing cross-currency transaction services which do not comply with regulations issued by the BOL, a fine of LAK 15,000,000 (fifteen million Kip);
3. Opening a bank account in a foreign country, a fine of LAK 20,000,000 (twenty million Kip);
4. Operating a money exchange business with a license that has expired for more than 30 days, a fine of LAK 30,000,000 (thirty million Kip) per time;

5. Providing only currency buying or selling transactions, a fine of LAK 5,000,000 (five million Kip);
6. Stipulating, posting, and using exchange rates not in compliance with regulations issued by the BOL, a fine of LAK 5,000,000 (five million Kip) per time;
7. Failing to provide a cross-currency transaction report for three consecutive working days, a fine of LAK 1,000,000 (one million Kip) per time;
8. Moving the money exchange shop without permission, a fine of LAK 5,000,000 (five million Kip) per time;
9. Granting a money exchange business license to others for any purpose whatsoever, a fine of LAK 20,000,000 (twenty million Kip) per time.

## **CHAPTER 6**

### **Final Provisions**

#### **Article 22. Implementation**

The Monetary Policy Department, Banking Operation Department, and the branches of the BOL shall cooperate with the relevant authorities and local administrative organizations to monitor the effective implementation of this Decision.

Relevant persons, legal entities, and organizations are obliged to strictly comply with this Decision.

#### **Article 23. Effectiveness**

This Decision shall be enters into force on the date it is signed and supersedes the Regulation on Management of Money Exchange Shops No. 05/BOL, dated 16 November 2011.

**The Governor of the Bank of the Lao PDR**

*[Seal and signature]*

**Dr. Somphao Phaysith**